



STATE OF ARKANSAS
**Department of Finance
and Administration**

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MEMORANDUM

TO: Agency Director and Fiscal Officer

FROM: F. Mike Stormes, Administrator for Fiscal & Budget

DATE: June 10, 2004

SUBJECT: PBB-Final Progress Report

Enclosed you will find instructions and information regarding the submission of the Final Progress Report required by A.C.A §19-4-606 (b)(7)(A). Your agency has an approved Strategic Plan for the fiscal periods 2003-2007, including the measures on which you planned to document progress towards performance goals for each program. The Final Report is intended to provide the Governor and the Legislature an update on that progress and is due in this Office by July 30, 2004.

With the recent and successful completion of the first Mid-Year Progress Reports prepared in conformance with the Performance Budgeting and Accountability System (PBAS), we all have gained helpful experience in tracking and reporting progress on agency plans. In that light, the instructions and reporting formats essentially are unchanged from last January's submission of the Mid-Year Report.

As I have noted throughout this relatively new management and budget process, it is possible that some changes may occur as we work with the Legislative Performance Based Budgeting Committee in implementing this law. Also, please see that the progress report formats reflect your currently approved set of programs and measures. The documents should not reflect changes requested or entertained in the Strategic Plans for the five year period 2005-2009.

Because of the reporting schedule, I encourage you to prepare now for the data collection and review required for your timely submission to our Office. This Office and your Budget Analyst are available to assist in any way we can. Please feel free to call me or staff in the Office of Budget should you have any concerns or questions regarding this reporting requirement.

FMS:lh

Enclosures

INSTRUCTIONS

for preparation of the

FINAL AGENCY PROGRESS REPORT

FOR FISCAL YEAR 2004



**Performance Budgeting
and Accountability System**

DEPARTMENT OF FINANCE & ADMINISTRATION

OFFICE OF BUDGET

I N D E X

FINAL FY 2004 AGENCY PROGRESS REPORT

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INSTRUCTIONS ARE AVAILABLE ON THE DFA - OFFICE OF BUDGET WEB SITE
www.accessarkansas.org/dfa/budget

GENERAL INSTRUCTIONS FOR PREPARATION OF THE FINAL AGENCY PROGRESS REPORT

In order to implement provisions of the General Accounting and Budgetary Procedures Act in Arkansas Code Annotated §19-4-606 (b)(7)(A), the following procedures are provided to assist agencies in completing the Final Agency Progress Report:

Performance Budgeting and Accountability System agencies enumerated in A.C.A. §19-4-606 (b)(3) are required to submit a final progress report to the Arkansas Legislative Council. The attached progress report should be completed and returned to the DFA – Office of Budget by July 30, 2004. The Office of Budget must submit the agency progress reports to the Bureau of Legislative Research by August 15, 2004.

These instructions are also available on the DFA - Office of Budget web site at:

www.accessarkansas.org/dfa/budget

DEFINITIONS

- **FINAL AGENCY PROGRESS REPORT:** A final report containing the progress each program has achieved in meeting performance goals during the 2004 fiscal year. The report consists of three sections: Agency Update and Assessment, Performance Indicators and Fiscal Summary.
- **FUNDS CENTER:** An appropriation granted by the General Assembly to make expenditures and incur obligations, **IF FUNDS ARE AVAILABLE**, for a program. Each PBB program is represented in AASIS with a funds center code.
- **SUB FUNDS CENTER:** One or more objectives may be linked to a PBB program. Each objective is represented in AASIS with a sub funds center code. Cost centers are assigned at the objective level in AASIS. Annual Operation Plans were prepared at the objective level.

The Office of Budget will review and forward the final agency progress reports to the Bureau of Legislative Research for submission to the Legislative Committees. Analysts in the Office of Budget are available to advise and assist agencies as necessary.

SECTIONS OF THE FINAL PROGRESS REPORT:

- Agency Update and Assessment (Required)
- Performance Indicators (Required)
- Fiscal Summary (Required for agencies with PBB appropriations from the 2003 General Assembly)

Agency Update and Assessment Section:

This section (Section I) of the report should provide an overall evaluation of any internal or external factors that may have impacted the programs being administered by the agency. Agencies should respond to each statement in this section. The responses contained in your Mid-Year progress reports that remain applicable may be carried forward in the Final Progress Report for FY 2004. An example (only) of Section I is provided on page 5 of these instructions.

Performance Indicators Section:

This section (Section II) of the report focuses on the objectives for each of the agency's programs. The approved measures and targets for each agency's program objectives are displayed in this section of the report. Agencies should enter actual results for the reporting period ending June 30, 2004 as well as any comments that may be needed to explain any significant variances between the actual results and planned levels. A section has been provided at the end of the program objectives for additional comments. Agencies should provide results for each measure. An example of Section II begins on page 6 of these instructions.

Fiscal Summary Section:

This Fiscal Summary section (Section III) provides a comparison between the line item amounts recommended during 2002 Fall Hearings by the Arkansas Legislative Council for each program and the actual expenditures/receipts for the July 1, 2003 – June 30, 2004 reporting period. **Only those agencies with performance-based appropriation acts from the 2003 General Assembly should receive and complete this section.**

INSTRUCTIONS FOR COMPLETING THE FINAL AGENCY PROGRESS REPORT

All agencies listed in A.C.A. §19-4-606(b)(3) are required to submit a final progress report to the Arkansas Legislative Council. The reporting period for the final agency progress report is July 1, 2003 – June 30, 2004. The three sections of the progress report are: Agency Update and Assessment; Performance Indicators; and, Fiscal Summary. All agencies **must** complete the first two sections. **The Fiscal Summary section should only be completed by those agencies with performance-based appropriation acts.**

FINAL AGENCY PROGRESS REPORTS MUST BE SUBMITTED TO THE OFFICE OF BUDGET BY JULY 30, 2004.

Agencies will receive an electronic copy of the progress report containing their approved programs, objectives, measures and targets. Agencies should complete the appropriate sections of the report – specifically, the Section I commentary, the year-end actual results, and your additional program comments – and then electronically return the report to their budget analyst. Analysts in the Office of Budget are available to advise and assist as necessary. Those agencies with performance-based appropriation acts will also receive the Fiscal Summary section of the report. This section will contain the line item amounts that were recommended during the fall hearings by the Arkansas Legislative Council.

Agency Update and Assessment Section:

Agencies should respond to each of the five (5) statements contained in this section of the report. If a response is not warranted, please indicate with “Not Applicable”, “No Response Required”, “None”. Click in the cell below each statement to enter the necessary information. Save the comments entered by clicking on the save icon located at the top of the screen. Proceed to the Performance Indicators Section.

Performance Indicators Section:

The approved measures and targets for each of your agency’s program objectives are displayed in the first columns of this report. Agencies should enter actual results in the **FY04 ACTUAL Column** for the reporting period ending June 30, 2004. A **COMMENTS Column** has been provided for agencies to explain any significant variances that may exist between the actual results and planned levels of the approved performance measures. Agencies should provide results for each measure. If a response is not possible, then agencies should indicate with “No Data Available” in the **COMMENTS Column**. At the end of each list of objectives, there is a space provided for any overall comments that may need to be added to address any significant variances. Save the data entered by clicking on the save icon located at the top of the screen. Proceed to the

Fiscal Summary Section:

Only those agencies with performance-based appropriation acts from the 2003 General Assembly should complete this section.

This section (Section III) of the report reflects the line item amounts that were recommended during the 2002 Fall Hearings of the Arkansas Legislative Council/Joint Budget Committee for each performance-based program. These amounts are displayed in the **Legislative Recommendations Budget Manual-FY04 column** of this report. Agencies should complete the **FY04 Expenditures** and **FY04 Receipts column**. FI Reports from AASIS should be used to report the actual expenditures/receipts for the July 1, 2003 – June 30, 2004 reporting period. Save the data entered by clicking on the save icon located at the top of the screen.

The following pages are examples of Sections I and II of the Final Agency Progress Report.

Section II. Performance Indicators**Program 1:** Administration & Customer Support Services Program

Goal 1: To provide quality financial services to our technologist, accurate record keeping for our customer and feedback to our agency for customer demand of technology products and services

Objective 1: To provide administrative and support services to enable the department to accomplish the mission of the department

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	% of Agency Performance targets met.	85%	50%	See comments below
2	% of Agency Staff and Budget in the Administration Program compared to total agency positions and budget.	11.4%	12.0%	
3	Number of prior year audit findings repeated in subsequent audit.	0	0	
4	Percent of users satisfied with IT Services	70%	60%	
5	Percentage of staff time reported in specific project objectives other than "General Agency Overhead"	2%	1%	
6	Percentage of IT Expenditures in \$ spent through DIS	30%	24%	DIS continues to market services to improve its market share
7	Number of New Public Sector Customers not at the State Level	20	16	Continue to market DIS services to new and potential customers not at the state level.

Comments on performance matters related to Objective 1:

DIS will continue to map our processes to develop a comprehensive performance measure system that will provide more useful information on how we are meeting our goals and continually monitor program efficiency. As we improve our accountability systems, the percentage of agency performance targets met will improve

Section II. Performance Indicators**Program 2: Production Services**

Goal 1: To provide reliable products and services to the public sector of Arkansas with the capital within our department.

Objective 1: To provide reliable processing of applications operated for the benefit of the state's public sector.

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
1	Number of agencies served	222	210	
2	AASIS Support Center Costs	\$11,000,000	N/A	DIS is no longer responsible for the management of the AASIS Support Center. DFA has assumed those duties.
3	Training Costs Per Employee compared to Outsourced costs per Employee.	\$24	\$24	
4	Maintenance Costs as a % of net assets	23%	22%	
5	Overhead not including labor as a percentage of Revenue	9%	10%	
6	Total Labor costs as a percentage of Revenues	16%	17%	
7	Overhead labor as a percentage of Total Labor	5.5%	7.0%	
8	Net Income/Losses from Production Services.	0	0	

Comments on performance matters related to Objective 1:

Section II. Performance Indicators**Program 3: Consulting Services**

Goal 1: To provide innovative and marketable solutions to the public sector of Arkansas.

Objective 1: To provide quality and innovative solutions for the Information Technology needs of our customers.

Measure Number	Performance Indicators	Annual Target	FY04 Actual	Comments
1	Average Length of Work in Process in Days	270	270	
2	Billable Time as a percentage of Total Department Time each month	60%	60%	
3	Outsource Costs as a percentage of total Labor costs	25%	25%	
4	Training Costs Per Employee compared to Outsourced costs per Employee.	\$5	\$5	
5	Percent of DIS Managed projects successfully completed on schedule and within budget.	75%	100%	The average project duration is 270 days. Therefore, several projects remain outstanding at this time.
6	Overhead not including labor as a percentage of Revenue	9%	10%	
7	Total Labor costs as a percentage of Revenue	250%		The agency will be requesting deletion of this measure from the 2005-09 Strategic Plan.
8	Overhead labor as a percentage of Total Labor	14%	16%	
9	Percentage of PEPMO staff time spent on projects/programs	60%	58%	

Section II. Performance Indicators**Program 3: Consulting Services (Continued)**

Goal 1: To provide innovative and marketable solutions to the public sector of Arkansas.

Objective 1: To provide quality and innovative solutions for the Information Technology needs of our customers.

<u>Measure Number</u>	<u>Performance Indicators</u>	<u>Annual Target</u>	<u>FY04 Actual</u>	<u>Comments</u>
10	Percentage of PEPMO Project Team who hold certification	100%	95%	Two team members are currently awaiting official certification.
11	Net Income/Losses from Consulting Services.	0	0	

Comments on performance matters related to Objective 1:

Section II. Performance Indicators**Program 4: Connectivity and Communications Services**

Goal 1: To provide quality connection and reliability of network services using wire and wireless products for data, voice, and video

Objective 1: To provide quality connection to the DIS Network.

Measure Number	Performance Indicators	Annual Target	<u>FY04 Actual</u>	<u>Comments</u>
1	Percentage of time network connectivity is functional and available per 24 hour day.	99%	99%	
2	Number of agency agreements for telecommunications services per year.	199	173	
3	Average cost per minute to customers for long distance.	.075	0.073	
4	Average cost per megabyte to customers for network services	\$273.77	\$269.00	
5	Net Income/Losses from Communication Services	0	0	

Comments on performance matters related to Objective 1: